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SUBJECT: IRAN URGES OMV TO CONCLUDE GAS DEALS

¶1. (U) On the margins of a recent OPEC meeting, Iranian Oil Minister Gholamhossein Nozari publicly urged Austrian oil/gas company OMV to finalize an energy deal. In an exclusive interview September 12 with Austrian daily Wiener Zeitung (note: an Austrian government-owned newspaper), Nozari urged OMV to "hurry up" and finalize gas contracts with Iran, referring specifically to the Nabucco gas pipeline project (for which Iran could be a potential supplier). "Time is pressing, and we will not wait forever." Europe needs Iran, and the Austrians "should use their excellent relations to us to show an example." He opined that Iran has plenty of options in spite of "three resolutions and countless warnings" -- citing new deals with India, Pakistan, Venezuela, and Switzerland.

¶2. (U) On Nabucco: "Everyone recognizes that the Nabucco can't function without Iran. A country with 16% of the world's gas reserves can't simply be ignored." Nozari said, adding that his impression from ongoing talks is that "the Austrians are very interested in concluding the deal."

¶3. (SBU) OMV did not comment on the interview. In addition to Nabucco, Nozari's comments could also refer to an April 2007 preliminary gas contract ("Heads of Agreement") by OMV with its Iranian counterpart NIOC concerning the construction of an LNG plant and related gas deliveries. OMV representatives at all levels say that the company sees Azerbaijan and Turkmenistan as suppliers of choice in Nabucco's first phase, and that other gas deliveries could come from Iraq and/or the Arab Gas Pipeline. OMV does not rule out Iran as a supplier, especially if the political situation improves. The negotiations on the LNG projects are ongoing but with apparently little recent progress. Along with Royal Dutch Shell, OMV is a co-sponsor of Iran's 2nd Gas Export Conference October 4-5 in Tehran. As OMV spokesman Thomas Huemer emphasized recently to Embassy rep, "OMV maintains business relations with Iran. They are legitimate since we do not violate any UN or EU sanctions."

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